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Message Text

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ACTION L-01

INFO OCT-01 SS-14 ISO-00 EB-04 EUR-08 INR-05 TRSE-00
CIAE-00 NSC-05 NSCE-00 OMB-01 SP-02 IO-06 /047 W
----------151717Z 079652 /43
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FM AMEMBASSY ROME
TO SECSTATE WASHDC PRIORITY 5318
INFO AMEMBASSY BERN
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY CANBERRA
AMEMBASSY LONDON
AMEMBASSY OSLO
AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY THE HAGUE
AMEMBASSY TOKYO
USMISSION GENEVA
USMISSION USUN NEW YORK

C O N F I D E N T I A L ROME 9896

LIMDIS

BRUSSELS ALSO FOR USEEC
PARIS ALSO FOR OECD

EO 11652: GDS
TAGS: EGEN,BINV, UN, ECOSOC, IT
SUBJ: INTERNATIONAL AGREEMENT ON ILLICIT PAYMENTS

REFS: (A) ROME 9584 (B) STATE 131106 (C) STATE 134235
(D) STATE 134991 (E) STATE 136934

1. ECMIN CALLED ON MIGLIUOLO (SENIOR FOREIGN MINISTRY
OFFICIAL RESPONSIBLE FOR ILLICIT PAYMENTS ISSUE) JUNE 13
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FOR FURTHER DISCUSSION OF INTERNATIONAL AGREEMENT ON
ILLICIT PAYMENTS. ECMIN STRESSED SUPPORT GIVEN TO
PRESIDENT CARTER FOR INTERNATIONAL AGREEMENT AT LONDON
SUMMIT AND IMPORTANCE ATTACHED PERSONALLY BY THE PRESIDENT
TO THIS ISSUE. HE CONFIRMED INVITATION TO CONSULTATIONS
TO OECD JUNE 20 (WHICH HE HAD MENTIONED BY TELEPHONE
JUNE 10) AND REITERATED REQUEST FOR GOI SUPPORT OF

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SPECIFIC U.S. PROPOSALS IN STATE 124539 RELATING TO
ECOSOC WORKING GROUP FINAL REPORT, ECOSOC DECISION AND
OECD MINISTERIAL MEETING COMMUNIQUE. ON JUNE 14 ECMIN
PASSED TO MIGLIUOLO PROPOSED TEXT FOR INCLUSION IN OECD
MINISTERIAL COMMUNQUE AND MADE POINTS PARA 5 REF E.

2. MIGLIUOLO ASSURED ECMIN THAT GOI WOULD BE REPRESENTED
AT JUNE 20 CONSULATIONS. ALTHOUGH HE WAS NOT CERTAIN,
HE EXPECTED THAT GOI WOULD BE REPRESENTED BY ITS OECD
MISSION. ALTHOUGH MIGLIUOLO HAS FOLLOWED THIS ISSUE
PERSONALLY FROM THE BEGINNING, IT IS DOUBTFUL HE WILL BE
ABLE ATTEND. (AMBASSADOR MONDELLO, DIRECTOR GENERAL
OF ECONOMIC AFFAIRS AT THE FOREIGN MINISTRY, WILL BE OUT
OF OFFICE FOR ABOUT ONE MONTH TO UNDERGO AN OPERATION AND
NO ONE HAS BEEN NAMED TO SUCCEED MINISTER RICCULLI AS HIS
DEPUTY. ACCORDINGLY, DURING MONDELLO'S ABSENCE, HIS
DUTIES WILL BE DIVIDED UP AMONG SEVERAL "COORDINATORS,"
INCLUDING MIGLIUOLO.)

3. MIGLIUOLO ADVISED THAT HE HAD SENT TELEGRAM TO ITALIAN
OECD MISSION JUNE 10, IN WHICH ITALIAN DELEGATION IS
INSTRUCTED TO SUPPORT U.S. AT WORKING GROUP MEETING.
RE SPECIFIC U.S. PROPOSALS, MIGLIUOLO ASSERTED THAT
GOI WOULD SUPPORT EXPANSION OF WORKING GROUP. HOWEVER,
HE HAVE NO ASSURANCE EITHER ON THE COMMITMENT ON PRE-
PARATION OF TEXT FOR FORWARDING TO DIPLOMATIC CONFERENCE
IN 1978 OR ON DECISONS OF FULL ECOSOC MEETING. WITH
REFERENCE TO LANGUAGE OF OECD MINISTERIAL COMMUNIQUE,
MIGLIUOLO'S INITIAL REACTION WAS THAT TEXT WOULD BE
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ACCEPTABLE, BUT THAT MENTION SHOULD ALSO BE MADE IN
MORE GENERAL TERMS OF ECOSOC WORK ON MULTINATIONALS,
PERHAPS INCLUDING CODE OF CONDUCT.

4. COMMENT: OUR PERCEPTIONS OF GOI ATTITUDES ON
ILLICIT PAYMENTS ISSUES SOMEWHAT AT CARIANCE WITH REF (B).
EMBASSY BELIEVES THAT GOI DOES NOT CONSIDER THAT IT HAS
CHANGED ITS POSITION. IT WAS AN EARLY SUPPORTER OF U.S.
INITIATIVE AND BELIEVES IT IS CONTINUING THAT SUPPORT.
NEVERTHELESS, GOI FINDS CERTAIN CONSIDERATIONS IMPORTANT:
(A) LEGAL. IF AN AGREEMTN IS TO BE REACHED WHICH
IS TO BE BINDING ON MEMBER STATES, SUCH AGREEMENT MUST BE
RESPONSIVE TO REQUIREMENTS OF INDIVIDUAL LEGAL SYSTEMS.
AS MIGLUOLO HAS POINTED OUT, ITALIAN LEGAL SYSTEM IS
FORMALISTIC IN NATURE AND REQUIRES, FOR DOMESTIC SIMPLE-
MANTATION, RATHER PRECISE AND EXHAUSTIVE DEFINISIONS. AS
WE SEE IT, POSITION TAKEN BY MINISTRY OF JUSTICE, WHICH HAS PLAYED
IMPORTANT ROLE IN FORMING GOI POSITION (REPORTED ROME 1560),
NOT DESIGNED TO OBFUSCATE OR DELAY PROGRESS BUT TO MAKE ANY

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EVENTUAL AGREEMENT CONFORM TO ITALIAN LEGAL PRINCIPLES.
(B) SCOPE: GOI POSITION IN FAVOR OF BROADENING OF SCOPE OF WORKING GROUP'S ACTIVITIES IS NOT INTENDED TO MAKE AN EVENTUAL AGREEMENT IMPOSSIBLE. GOI BELIEVES THAT PRESENT CONCENTRATION ON ILLICIT PAYMENTS IS UNBALANCED. TO REMEDY THIS, GOI STATES THAT OTHER QUESTIONABLE BUSINESS PRACTICES SHOULD ALSO BE DISCUSSED. GOI BELIEVES THAT THESE BUSINESS PRACTICES, ENUMERATED IN ROME 1560, CONSTITUTE GREATER BARRIER TO ITALIAN COMMERCIAL OBJECTIVES THAN DO ILLICIT PAYMENTS; HENCE, THIER INTEREST.
(C) SUPPORT: GOI REMAINS CONVINCED THAT MAJOR PROBLEM BLOCKING PTENTIAL AGREEMENT IS ATTITUDE AND SUPPORT OF LDCS. THERE IS NO DOUBT THAT SHOW OF SIGNIFICANT AND DEEP LDC SUPPORT FOR U.S. INITIATIVE WOULD DO MUCH TO CHANGE ITALIAN PESSIMISM THAT VIABLE AGREEMENT IS INDEED POSSIBLE. EMBASSY WOULD APPRECIATE ASAP INFORMATION
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IN THIS RESPECT; TO BE USEFUL, LDC SUPPORT SHOULD BE REPRESENTATIVE OF MAJOR LDC REGIONAL AND IDEOLOGICIAL GROUPINGS. RE PROPOSED LINKAGE TO CODE OF CONDUCT FOR MULTINATIONAL COMPANIES, EMBASSY SUGGESTS THAT GOI PROPOSAL MIGHT BE VIEWED AS MEASURE TO INCREASE LDCM INTEREST AND STAKE IN ARRIVING AT AN AGREEMENT SUCH AS WE DESIRE.

5. EMBASSY SEE NO EVIDENCE THAT ISSUE IS RELATED TO ANY PROBLEMS OR ISSUES WITHIN CHRISTIAN DEMOCRATIC PARTY. ON THE OTHER HAND, UNLIKE THE US (REF B., PARA 2), THERE IS NO DOMESTIC POLITICAL PRESSURE FOR ANY PARTICULAR COURSE OF ACTION ON THESE ISSUES.GARDNER

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